

2010 AEA NEGOTIATIONS (Unit 41 and 42, Unit 43)
CITY PACKAGE PROPOSAL B*

TERM

Term: July 1, 2010 – June 30, 2011

WAGES

See Attached (City Proposal #1)

HEALTH INSURANCE COST SHARING

See Attached (City Proposal #4)

HMO PLAN DESIGN

As Proposed in City Initial Package Proposal dated April 13, 2010

HEALTH INSURANCE DUAL COVERAGE

As Proposed in City Initial Package Proposal dated April 13, 2010

HEALTH INSURANCE- HEALTH IN LIEU

See Attached (City Proposal #7)

LEAVES OF ABSENCE -- ABSENT WITHOUT NOTIFICATION

As Proposed in City Initial Package Proposal dated April 13, 2010

VACATION

As Proposed in City Initial Package Proposal dated April 13, 2010

SICK LEAVE PAYOUT

See Attached (City Proposal #10)

SICK LEAVE – ABSENCE WITHOUT LEAVE

As Proposed in City Initial Package Proposal dated April 13, 2010

RETIREMENT COST MITIGATION

As Proposed in City Initial Package Proposal dated April 13, 2010

2010 AEA NEGOTIATIONS (Unit 41 and 42, Unit 43)
CITY PACKAGE PROPOSAL B*

**DISABILITY LEAVE SUPPLEMENT and
INELIGIBILITY IF OFFER AND DECLINE OF MODIFIED DUTY**

See Attached (City Proposal #14 and 15)

MEDICAL VERIFICATION

As Proposed in City Initial Package Proposal dated April 13, 2010

ADDITIONAL 5% TOTAL COMPENSATION REDUCTION (ONE-TIME)

See Attached (City Proposal #19)

ALL TENTATIVE AGREEMENTS

- Housekeeping

** This proposal is submitted in an attempt to reach a settlement. In the event the proposal is not accepted, the City reserves the right to modify, amend and/or add proposals, including, but not limited to:*

- Premium Pay (Unit 41 and 42)
- Higher Class Pay

CITY PROPOSAL #1- WAGES

Proposed Language

ARTICLE 10 WAGES AND SPECIAL PAY

- 10.1 Salary Ranges. ~~Maintain current salaries in effect as of June 30, 2009.~~ Effective June 27, 2010, all salary ranges for employees holding positions in classifications assigned to AEA (Union Codes 040/041/043) shall be decreased by approximately 4.70%. This will result in the top and bottom of the range of all classifications represented by AEA being 4.70% lower. All employees will receive a 4.70% base pay reduction.

CITY PROPOSAL #4- HEALTH INSURANCE COST SHARING FORMULA

Proposed Language

ARTICLE 11 BENEFITS

11.1 Health Insurance

11.1.4 Effective at the beginning of pay period one (1) of payroll calendar year 2009, the City will pay ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay ten percent (10%) of the premium for the lowest priced plan. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan.

11.1.5 Effective June 27, 2010, the City shall pay eighty-five percent (85%) of the full premium cost of the lowest priced plan for employee or employee and dependent coverage, and the employee will pay fifteen percent (15%) of the premium for the lowest priced plan for the employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

CITY PROPOSAL #7- MODIFICATIONS TO HEALTH IN LIEU

Proposed Language

11.3 Payment In-Lieu of Health and Dental Insurance

11.3.1 The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

11.3.2 Employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive fifty percent (50%) of the City's contribution toward their health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty percent (50%) of that contribution.

11.3.3 Effective June 27, 2010, employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive the following per payperiod:

	<u>Health In-Lieu</u>	<u>Dental In-Lieu</u>
<u>If eligible for family coverage:</u>	<u>\$221.84</u>	<u>\$19.95</u>
<u>If NOT eligible for family coverage:</u>	<u>\$89.09</u>	<u>\$19.95</u>

11.3.4 A City employee who receives healthcare coverage as a dependent of another City employee shall be deemed not eligible for family coverage.

~~11.3.3-5~~ The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced workweek or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

~~11.3.46~~ Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment, during the annual open enrollment period, or within thirty (30) days of a qualifying event (defined in the Human Resources Benefits Handbook as a change in marital, dependent or work status of the employee or the employee's spouse) occurring anytime during the year. Employees who miss the thirty (30) day time limit after a qualifying event must wait until the next open enrollment period to enroll in the payment-in-lieu of insurance program. Enrollment in the payment-in-lieu of insurance program may be canceled by the employee only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

~~11.3.57~~ Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include but not be limited to the following situations, employment status changes from full to part time, employee is on an unpaid leave of absence, employee is on a reduced work week, or

employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

11.3.68 If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

11.3.68.1 Health Insurance To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carriers' enrollment procedures.

11.3.68.2 Dental Insurance Enrollment in a City dental insurance plan following loss of alternate coverage will become effective the first of the month following payment of two dental premiums through the City's payroll process. Re-enrollment in the dental insurance plan shall not be retroactive.

CITY PROPOSAL #10- SICK LEAVE PAYOUT

Proposed Language

8.4 Sick Leave Payout

8.4.1 Sick leave payout shall be given to each full-time employee at the time of retirement directly from City service or death under one of the following conditions:

—— 8.4.1.1 Federated Retirement Plan:

8.4.1.1.1 The employee is:

- A member of the Federated Retirement Plan, and
- Retired under the provisions cited in the plan, and
- Credited with at least fifteen (15) years of service in this retirement plan, or
- Credited with at least ten (10) years of service prior to a disability retirement.

—— ~~8.4.1.2 Terminated Employee with Vesting Rights~~

—— ~~8.4.1.2.1 The employee has:~~

- ~~• Terminated service with the City, and~~
- ~~• Retained vesting rights in a retirement system according to provisions in the SJMC, and~~
- ~~• Following such termination, qualifies for retirement and retires under the provisions cited in the code and~~
- ~~• Has at the time of retirement credit for at least fifteen (15) years of service in the applicable retirement plan.~~

8.4.1.1.32 Death During Service The estate of any full-time employee who dies while in City service and prior to retirement, even though the employee is not credited with at least fifteen (15) years of service in any applicable retirement plan.

—— ~~8.4.1.4 Death of Terminated Employee~~

—— ~~8.4.1.4.1 The estate of any full time employee who:~~

- ~~• Had terminated service with the City but had retained vesting rights in a retirement system according to provisions in the SJMC, and~~
- ~~• Dies prior to becoming eligible for retirement allowances as cited under provisions of the SJMC, and~~

- ~~•Has at the time of death credit for at least fifteen (15) years of service in the applicable retirement plan.~~

8.4.2 Payout shall be determined as follows:

~~8.4.1.4.18.4.2.1~~ 8.4.2.1 If an eligible full-time employee, as defined in subsection 8.4.1 above, at the time of their retirement or death has earned, unused sick leave hours, the employee shall be paid the equivalent of a specified percent of their hourly rate of pay at the time of retirement, termination or death, whichever comes first, multiplied by the total number of the employee's accumulated and unused hours of sick leave as of the date of the employee's retirement or death in accordance with 8.4.2.1.1.

8.4.2.1.1 Less than 400 hours: Hours accumulated x 50% of final hourly rate

400 - 799 hours: _____ Hours accumulated x 60% of final hourly rate

800 - 1200 hours: _____ Hours accumulated x 75% of final hourly rate

8.4.2.1.2 Distribution of payouts to eligible employees, in accordance with 8.4.2.1 above, who retire before June 27, 2010, shall be made no later than February 1, 2011.

8.4.2.2 Effective June 27, 2010, if an eligible full-time employee, as defined subsection 8.4.1 above, at the time of their retirement or death has earned, unused sick leave hours, the employee shall be paid the equivalent of a specified percent of their hourly rate of pay at the time of retirement or death, whichever comes first, multiplied by the total number of the employee's accumulated and unused hours of sick leave as of the date of the employee's retirement or death in accordance with 8.4.2.2.1.

8.4.2.2.1 Less than 400 hours: Hours accumulated x 50% of final hourly rate

_____ 400 – 1200 hours: Hours accumulated x 60% of final hourly rate

8.4.2.3 Employees hired by the City on or after June 27, 2010, if an eligible full-time employee, as defined in subsection 8.4.1 above, at the time of their retirement or death has earned, unused sick leave hours, the employee shall be paid the equivalent of a specified percent of their hourly rate of pay at the time of retirement or death, whichever comes first, multiplied by the total number of the employee's accumulated and unused sick leave as of the date of the employee's retirement or death in accordance with 8.4.2.3.1.

8.4.2.3.1 0-750 hours: _____ Hours accumulated x 25% of final hourly rate

8.4.2.4 Effective June 27, 2010, if employee's balance is >1,200 hours, employee is also eligible for a payout of ~~75~~60% of the value of sick leave in excess of 1,200

hours that is earned but unused during the two years prior to retirement. This provision shall not be applicable to employees hired on or after June 27, 2010.

8.4.3 8.4.1.6—Use of previously accumulated sick leave hours: For purposes of determining the total number of accumulated and unused hours of sick leave of a full-time employee at the time of the employee's retirement or death, unused sick leave from prior periods of employment with the City shall be used. Previously accumulated sick leave shall be credited to the employee for use during an employee's current employment period.

8.4.4 Employees are only eligible for one sick leave payoff while employed by the City of San Jose, including breaks in employment.

8.4.5 Employees who separate from City service on or before June 26, 2010, and who have 15 years of service, shall be eligible for a sick leave payout at the rate that is available at the time of their retirement, as specified above.

CITY PROPOSAL #14 AND 15 - DISABILITY LEAVE SUPPLEMENT

Proposed Language

8.6 Disability Leave

8.6.1 Disability Leave Supplement Disability Leave Supplement (DLS) is the benefit provided pursuant to this Article, which, when added to Workers' Compensation Temporary Disability (WCTD) results in providing employees 85% of their regular base salary.

8.6.2 Eligibility for Disability Leave Supplement A full-time employee who is required to be absent from work due to a job-related injury or industrial illness who receives WCTD payments pursuant to Division I or Division 4 of the California Labor Code is eligible for DLS, excluding ineligible causes listed in Section 8.6.4. In the event an employee is not eligible for WCTD payments because of the statutory waiting period, DLS shall not be paid for such a waiting period. The employee may use sick leave to cover the waiting period.

8.6.2.1 After the initial three day waiting period has been met, and the employee otherwise qualifies for DLS, the employee may utilize DLS for absences required for medical visits related to the injury after his/her return to work if he/she is unable to schedule such visits on non-work hours. DLS for such intermittent absences is subject to authorization by the Workers' Compensation Section. In no event may DLS exceed the limit specified in Section 8.6.6.

8.6.3 Eligibility for Disability Leave Supplement Linked to Temporary Disability If the Workers' Compensation Appeals Board of the State of California or any judicial court should determine that the employee is not entitled to Temporary Disability (WCTD) compensation, the employee shall not be entitled to Disability Leave Supplement (DLS) benefits. Under such circumstances, any DLS moneys paid to the employee by the City must be returned to the City within one year.

8.6.4 Ineligible Causes for Disability Leave An employee shall not be eligible for disability leave, and shall not receive DLS if the injury or illness that causes the absence results from:

- an act of gross negligence of such employee
- any work voluntarily undertaken by employee from which he/she has been prohibited from engaging in as determined by a City physician, prior to the date of injury.

8.6.5 Ineligibility if Offer and Decline of Modified Duty ~~DLS shall not be provided~~An employee shall be voluntarily separated from City service if the City offers the employee employment at identical or similar salary, within the employee's medical limitations, and the employee refuses or fails to accept duty for which he/she is physically qualified.

8.6.6 Maximum Term of Disability Leave Supplement The employee will receive DLS benefits equal to the amount of money which, when added to the WCTD equals 85% of what the employee would have earned at the position from which he/she is disabled for one of the following time periods, whichever is shortest:

- The time the employee is medically required to be absent due to a work-related injury or illness, after the required three day waiting period.
- The period of time WCTD is payable to the employee under the Workers' Compensation provisions of Division 1 or Division 4 of the Labor Code of the State of California.
- ~~Nine~~Six (96) months (~~274 days or 1560~~1040 hours if not continually absent) following the date of injury.

8.6.7 Time Limit for DLS Eligibility After ~~1560~~1040 hours of DLS, the employee is entitled to no additional compensation for the injury or illness. No employee shall be eligible for DLS five (5) years after the date of the onset of the injury or illness for which he/she is claiming DLS.

8.6.8 Disability Leave Supplement is in Lieu of Regular Compensation Employees who receive WCTD and DLS compensation do not receive their regular salary. DLS as described in this Article is in lieu of regular compensation.

8.6.9 Requirement of Evidence Proving Temporary Disability The Director of Finance is responsible for determining eligibility for DLS. In making this determination, the Director may require the employee to provide proof of injury or illness, proof that the injury or illness will last, and proof of other relevant matters as determined by the Director. The Director may require the employee to submit to a medical examination by a physician selected by the City.

8.6.10 Termination of Disability Leave An employee who is unable to return to full time regular duty following the expiration of any and all leave provided in this Article and the integration of accrued vacation and of Sick Leave as provided in Section 8.3 and with Workers' Compensation may be separated from City service.

CITY PROPOSAL #19 – ADDITIONAL 5% TOTAL COMPENSATION REDUCTION (ONE-TIME)

Proposed Language

10.2 ADDITIONAL RETIREMENT CONTRIBUTION

Effective June 27, 2010 through June 28, 2011, all employees will make an additional retirement contribution in the amount of 7.5% of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability, which includes the current service deficiency and prior service deficiency for basic retirement benefits and current service deficiency and prior service deficiency for the cost-of-living (COL) retirement benefit. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Federated City Employees' Retirement System Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate 7.5% of pensionable compensation, as illustrated below:

<u>Federated</u> <u>(Fiscal Year 2010-2011)</u>			
	<u>City</u>	<u>Employee</u>	<u>Total</u>
<u>Current Contribution Rates</u>	<u>29.59%</u>	<u>10.30%</u>	<u>39.89%</u>
<u>Contribution Rates With Additional Employee Contributions</u>	<u>22.09%</u>	<u>17.80%</u>	<u>39.89%</u>

Note: Additional contributions made by employees do not affect the retiree healthcare rates.

These contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

In the event that the additional employee contributions are not implemented by June 27, 2010, the additional employee contribution will increase to make up for the missed contributions. For each pay period commencing after June 27, 2010, in which the additional employee contribution rate is not increased, the additional dollar amount that would have been contributed had the increased rate been implemented on June 27, 2010, will be divided by the number of missed pay periods and that amount will be collected over the same number of pay periods after the increased rate has been implemented.

For example, if the additional contributions do not begin until August 22, 2010 (pay period #18) the employee contributions for each of the subsequent four (4) pay periods would include both the contribution for the current pay period and a contribution for one (1) missed pay period.

2010 CITY OF SAN JOSE – AEA NEGOTIATIONS (Unit 41 and 42, Unit 43)

The parties understand that in order to implement this provision, an amendment must be made to the Federated City Employees' Retirement System that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Federated City Employees' Retirement System Board have its actuary confirm that an increase of the employee contribution of 7.5% will reduce the City's contribution rate by 7.5%.

In the event that these additional employee retirement contributions are not implemented for any reason by September 1, 2010, or the Federated City Employees' Retirement System Board's actuary confirms that the City's contribution rate could not be reduced by the same 7.5%, no additional employee contributions shall be required and the equivalent amount of 5% of total compensation would be taken as a temporary base pay reduction with retroactive deductions taken as described above.